

TOWNSHIP OF AMBOY
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Township of Amboy	County* HILLSDALE	Type* TOWNSHIP	MuniCode* 30-1-030
Opinion Date-Use Calendar* Oct 31, 2008	Audit Submitted-Use Calendar* Nov 4, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/> ?	13. Is the audit opinion unqualified?
<input type="checkbox"/> ?	14. If not, what type of opinion is it? Adverse
<input type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 313,703.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 204,347.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 783,774.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 370,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Donna	Last Name* Hecht	Ten Digit License Number* 1101025151		
CPA Street Address* 184 W Carleton Rd	City* Hillsdale	State* MI	Zip Code* 49242	Telephone* +1 (517) 439-9331
CPA Firm Name* O.M.C. & Co., P.C.	Unit's Street Address* 14288 Tyson Trail	Unit's City* Camden	Unit's Zip* 49232	

**TOWNSHIP OF AMBOY
HILLSDALE COUNTY, MICHIGAN**

TOWNSHIP BOARD

MARCH 31, 2008

Julie Kanouse

Supervisor

Bernadine Schaedler

Clerk

Betty Spiess

Deputy Clerk

Joe St. John

Treasurer

Donna St. John

Deputy Treasurer

Roger Pitts

Trustee

Samuel Browu

Trustee

TOWNSHIP OF AMBOY

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Osbourne, March, Condon & Co., P.C.

Certified Public Accountants

184 West Carleton Road

Hillsdale, Michigan 49242

Telephone: 517/439-9331

FAX: 517/439-1894

INDEPENDENT AUDITOR'S REPORT

Township Board
Township of Amboy
Hillsdale County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Township of Amboy, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The scope of our audit did not include verification of the fund balances and net assets at April 1, 2007. Therefore, we are unable to express an opinion on the accompanying statements of fund balance and net assets.

As discussed in Note 1 to the financial statements, management has not recorded general and infrastructure assets in governmental activities, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Township of Amboy as of March 31, 2008 or the changes in financial position thereof for the year then ended.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Township of Amboy, as of March 31, 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying financial statements do not include a management's discussion and analysis, which is required to present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2008 on our consideration of Township of Amboy, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of the audit, and in considering the results of the audit, should be read along with the auditor's report on the financial statements.

Osbourne, March, Condon & Co P.C.

Certified Public Accountants

Hillsdale, Michigan
October 31, 2008

TOWNSHIP OF AMBOY
STATEMENT OF NET ASSETS
MARCH 31, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 364,365	\$ 694,864	\$ 1,059,229
Investments	492,422		492,422
Due from other governmental units	44,337	12,031	56,368
Special assessments receivable, current portion	<u>74,880</u>	<u></u>	<u>74,880</u>
Total Current Assets	<u>\$ 976,004</u>	<u>\$ 706,895</u>	<u>\$ 1,682,899</u>
Noncurrent Assets:			
Special assessments receivable, net of current portion	\$ 224,672	\$	\$ 224,672
Land		36,000	36,000
Capital assets		1,240,606	1,240,606
Less: accumulated depreciation	<u></u>	<u>(633,156)</u>	<u>(633,156)</u>
Total Noncurrent Assets	<u>\$ 224,672</u>	<u>\$ 643,450</u>	<u>\$ 868,122</u>
TOTAL ASSETS	<u><u>\$ 1,200,676</u></u>	<u><u>\$ 1,350,345</u></u>	<u><u>\$ 2,551,021</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current portion of long-term liabilities	<u>\$ 90,000</u>	<u>\$</u>	<u>\$ 90,000</u>
Noncurrent Liabilities:			
Bond, net of current portion	<u>\$ 280,000</u>	<u>\$</u>	<u>\$ 280,000</u>
Total Liabilities	<u>\$ 370,000</u>	<u>\$</u>	<u>\$ 370,000</u>
Net Assets:			
Invested in capital assets, net of related debt	\$	\$ 643,450	\$ 643,450
Restricted	608,780		608,780
Unrestricted	<u>221,896</u>	<u>706,895</u>	<u>928,791</u>
Total Net Assets	<u>\$ 830,676</u>	<u>\$ 1,350,345</u>	<u>\$ 2,181,021</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,200,676</u></u>	<u><u>\$ 1,350,345</u></u>	<u><u>\$ 2,551,021</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:					
General government	\$ 62,360	\$	\$ (62,360)	\$	\$ (62,360)
Roads and bridges	96,225		(96,225)		(96,225)
Solid waste	4,919		(4,919)		(4,919)
Cemetery	4,623		(4,623)		(4,623)
Fire protection	15,877		(15,877)		(15,877)
Dust control	20,343	4,974	(15,369)		(15,369)
Interest on long-term debt	19,535		(19,535)		(19,535)
Total Governmental Activities	\$ 223,882	\$ 4,974	\$ (218,908)	\$	\$ (218,908)
Business-type Activities:					
Lake Diane Sewer Fund	\$ 69,762	\$ 95,741	\$	\$ 25,979	\$ 25,979
Merry Lake Sewer Fund	28,461	55,978		27,517	27,517
Total Business-type Activities	\$ 98,223	\$ 151,719	\$	\$ 53,496	\$ 53,496
TOTAL	\$ 322,105	\$ 156,693	\$ (218,908)	\$ 53,496	\$ (165,412)
GENERAL REVENUES					
Property taxes			\$ 177,855	\$	\$ 177,855
State-shared revenues			86,530		86,530
Interest			43,439	7,213	50,652
Other			25,296		25,296
TOTAL GENERAL REVENUES			\$ 333,120	\$ 7,213	\$ 340,333
CHANGE IN NET ASSETS			\$ 114,212	\$ 60,709	\$ 174,921
NET ASSETS - BEGINNING OF YEAR			716,464	1,289,636	2,006,100
NET ASSETS - END OF YEAR			\$ 830,676	\$ 1,350,345	\$ 2,181,021

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY

BALANCE SHEETS -
GOVERNMENTAL FUNDS

MARCH 31, 2008

	GENERAL FUND	2002 DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 314,265	\$ 50,100	\$ 364,365
Investments	436,007	56,415	492,422
Due from other governmental units	<u>33,502</u>	<u>10,835</u>	<u>44,337</u>
TOTAL ASSETS	<u>\$ 783,774</u>	<u>\$ 117,350</u>	<u>\$ 901,124</u>
FUND BALANCES			
Restricted	\$ 502,265	\$ 117,350	\$ 619,615
Unreserved, undesignated	<u>281,509</u>	<u></u>	<u>281,509</u>
TOTAL FUND BALANCES	<u>\$ 783,774</u>	<u>\$ 117,350</u>	<u>\$ 901,124</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS

YEAR ENDED MARCH 31, 2008

TOTAL GOVERNMENTAL FUND BALANCES	\$ 901,124
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Amounts reported for governmental activities in the statement of net assets are different because:

The following assets are not available for current financial use, and are not reported in the funds.

Special assessments receivable	299,552
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The following long-term liabilities do not use current financial resources, and are not reported in the funds.

Bonds payable	<u>(370,000)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 830,676</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2008

	GENERAL FUND	2002 DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property tax - operating	\$ 33,691	\$	\$ 33,691
Property tax - roads	144,164		144,164
Property tax - special assessments		93,621	93,621
State shared revenue	83,692		83,692
State grants - other	2,838		2,838
Administrative fees	24,164		24,164
Dust control	4,974		4,974
Interest	19,048	5,650	24,698
Miscellaneous	1,132		1,132
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	\$ 313,703	\$ 99,271	\$ 412,974
EXPENDITURES			
General government	\$ 62,360	\$	\$ 62,360
Roads and bridges	96,225		96,225
Solid waste	4,919		4,919
Cemetery	4,623		4,623
Fire protection	15,877		15,877
Dust control	20,343		20,343
Debt service			
Principal		95,000	95,000
Interest and miscellaneous		19,535	19,535
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	\$ 204,347	\$ 114,535	\$ 318,882
REVENUES OVER (UNDER) EXPENDITURES			
	\$ 109,356	\$ (15,264)	\$ 94,092
FUND BALANCE - BEGINNING			
	<u>674,418</u>	<u>132,614</u>	<u>807,032</u>
FUND BALANCE - ENDING			
	<u>\$ 783,774</u>	<u>\$ 117,350</u>	<u>\$ 901,124</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY

RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUND TYPES	\$ 94,092
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Amounts reported for governmental activities in the statement of activities are different because:

Receipt of special assessment principal is reported as revenue in governmental funds, but it reduces special assessment receivables in the statement of net assets and does not affect the statement of activities.	(74,880)
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Repayment of long-term debt is reported as an expenditure in governmental funds,
but it reduces long-term liabilities in the statement of net assets and does not affect
the statement of activities. In the current year, these amounts consist of:

Repayment of long-term obligations	<u>95,000</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 114,212</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY
STATEMENTS OF NET ASSETS -
PROPRIETARY FUNDS

MARCH 31, 2008

	ENTERPRISE FUNDS		
	LAKE DIANE SEWER FUND	MERRY LAKE SEWER FUND	TOTAL
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 387,886	\$ 306,978	\$ 694,864
Due from other governmental units	<u>5,478</u>	<u>6,553</u>	<u>12,031</u>
Total current assets	<u>\$ 393,364</u>	<u>\$ 313,531</u>	<u>\$ 706,895</u>
Noncurrent assets:			
Land	\$ 36,000	\$	\$ 36,000
Sewer plant	808,000	432,606	1,240,606
Less accumulated depreciation	<u>(295,350)</u>	<u>(337,806)</u>	<u>(633,156)</u>
Total noncurrent assets	<u>\$ 548,650</u>	<u>\$ 94,800</u>	<u>\$ 643,450</u>
TOTAL ASSETS	<u><u>\$ 942,014</u></u>	<u><u>\$ 408,331</u></u>	<u><u>\$ 1,350,345</u></u>
NET ASSETS			
Invested in capital assets	\$ 548,650	\$ 94,800	\$ 643,450
Unrestricted	<u>393,364</u>	<u>313,531</u>	<u>706,895</u>
TOTAL NET ASSETS	<u><u>\$ 942,014</u></u>	<u><u>\$ 408,331</u></u>	<u><u>\$ 1,350,345</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS

YEAR ENDED MARCH 31, 2008

	ENTERPRISE FUNDS		
	LAKE DIANE SEWER FUND	MERRY LAKE SEWER FUND	TOTAL
OPERATING REVENUES			
Assessments	\$ 74,113	\$ 47,582	\$ 121,695
Connection fees	6,528	8,320	14,848
Miscellaneous	15,100	76	15,176
TOTAL REVENUES	<u>\$ 95,741</u>	<u>\$ 55,978</u>	<u>\$ 151,719</u>
OPERATING EXPENSES			
Salaries and related expense	\$ 19,338	\$ 10,576	\$ 29,914
Repairs and maintenance	10,192	478	10,670
Septic tank cleaning	3,675		3,675
Laboratory testing	1,450	1,975	3,425
Utilities	359	1,787	2,146
Telephone	459	459	918
Insurance	2,199	1,135	3,334
Mowing	2,070	2,580	4,650
Depreciation	21,100	9,471	30,571
Miscellaneous	8,920		8,920
TOTAL EXPENDITURES	<u>\$ 69,762</u>	<u>\$ 28,461</u>	<u>\$ 98,223</u>
OPERATING INCOME	<u>\$ 25,979</u>	<u>\$ 27,517</u>	<u>\$ 53,496</u>
NON-OPERATING REVENUE			
Interest income	\$ 3,045	\$ 4,168	\$ 7,213
NET INCOME	\$ 29,024	\$ 31,685	\$ 60,709
NET ASSETS - BEGINNING	<u>912,990</u>	<u>376,646</u>	<u>1,289,636</u>
NET ASSETS - ENDING	<u>\$ 942,014</u>	<u>\$ 408,331</u>	<u>\$ 1,350,345</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY
STATEMENTS OF CASH FLOWS -
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2008

	ENTERPRISE FUNDS		
	LAKE DIANE SEWER FUND	MERRY LAKE SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 95,741	\$ 55,978	\$ 151,719
Payments to employees	(17,955)	(9,830)	(27,785)
Payments to suppliers	(30,707)	(9,160)	(39,867)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 47,079</u>	<u>\$ 36,988</u>	<u>\$ 84,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	<u>\$ 3,045</u>	<u>\$ 4,168</u>	<u>\$ 7,213</u>
NET CHANGE IN CASH	\$ 50,124	\$ 41,156	\$ 91,280
CASH - BEGINNING OF YEAR	<u>337,762</u>	<u>265,822</u>	<u>603,584</u>
CASH - END OF YEAR	<u><u>\$ 387,886</u></u>	<u><u>\$ 306,978</u></u>	<u><u>\$ 694,864</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 25,979	\$ 27,517	\$ 53,496
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	<u>21,100</u>	<u>9,471</u>	<u>30,571</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 47,079</u></u>	<u><u>\$ 36,988</u></u>	<u><u>\$ 84,067</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Township of Amboy (the "Township") was organized in the 1800's. The Township operates under a part-time elected Township Board and provides the following services as authorized by its charter: fire protection, cemetery maintenance, and sewer services.

REPORTING ENTITY

The Township is governed by an elected five-member Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and the statement of activities (the government-wide statements) present information for the Township as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). Interfund activity has been eliminated in the preparation of the government-wide statements.

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations are provided that explain the differences in detail.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Fund Financial Statements

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Township utilizes governmental, and proprietary funds.

Governmental Funds

The governmental fund financial statements present the Township's individual major fund and aggregated non-major funds. A separate column is shown for the major fund on the balance sheet and statement of revenues, expenditures, and changes in fund balances. Non-major funds are combined and shown in a single column. The fiduciary funds are reported by type.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONCLUDED)

Governmental Funds (Concluded)

All governmental funds are presented using the current financial resources of measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Township reports the following funds as *Major Governmental Funds*:

General Fund – The General Fund is used to account for money or other resources provided to the Township to support the general operations of the Township.

2002 Debt Fund – The 2002 Debt Fund is used to record tax revenues and other funds restricted for debt retirement and related payments for debt service.

Proprietary Funds

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income similar to the private sector.

The Township reports the following funds as *Major Enterprise Funds*:

Lake Diane Sewer Fund - The Lake Diane Sewer Fund is used to account for the activity of the sewer system within a special assessment district.

Merry Lake Sewer Fund – The Merry Lake Sewer Fund is used to account for the activity of the sewer system within a special assessment district.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the *modified accrual basis* of accounting. The government-wide and fiduciary fund financial statements are prepared using the *accrual basis* of accounting.

Under the *accrual basis* of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property tax revenue is recognized in the fiscal year for which it is levied. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Deferred revenue is recorded when resources are received by the Township before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the *modified accrual basis* of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

BUDGETARY DATA

The Township is required by state statute to adopt annual budgets for the general fund before April 1 for the ensuing year. The budget may be amended at any time by the Township Board. Actual expenditures may not legally exceed budgeted amounts nor may the Township budget a fund deficit.

CASH AND DEPOSITS

The Township's cash and cash equivalents include demand deposits, savings accounts and certificates of deposit.

RECEIVABLES

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 1. Taxes are levied on December 31 and due and payable on or before February 28 of the following year. All unpaid taxes become delinquent on March 1 of the following year. The Township collects its own property taxes. Township property tax revenues are recognized when levied to the extent that they result in current receivables, usually 60 days.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

FUND EQUITY

The unreserved, undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reserved fund balances represent the assets that have been legally identified for specific purposes. Designated fund balances represent tentative plans for future use of financial resources.

RESTRICTED RESOURCES

When both restricted and unrestricted funds are available, it is the Township's policy to first apply restricted funds toward the expense incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, damage or destruction, errors and omissions, and injuries to employees. The Township has purchased commercial insurance to adequately cover these risk areas. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

GAAP REPORTING DEPARTURE

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Township has implemented various elements of GASB 34.

The Township did not include a Management's Discussion and Analysis, which is required to present an analysis of the financial performance for the year. The GASB has determined that Management's Discussion and Analysis is necessary to supplement, although not required to be part of, the basic financial statements.

The Township did not present capital assets, infrastructure, depreciation, and accumulated depreciation for its governmental activities. The amounts that would be reported on the government-wide financial statements for governmental activity fixed assets is not reasonably determinable.

Because of the effects of the matters discussed in the preceding paragraphs, the Township's financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Amboy as of March 31, 2008 or the changes in its financial position for the year then ended.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2008

NOTE 2: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations. The local unit is allowed to invest in certificates of deposit and savings accounts of a financial institution; bonds, securities, or other obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications established by at least two standard rating services and that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools organized under Public Act 367 and 121.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be recovered. As of March 31, 2008, the Township's book balance of its deposits was \$1,059,229. The bank balance was \$1,059,965, which was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 366,358
Collateralized	688,914
Uninsured and uncollateralized	<u>4,693</u>
	<u>\$ 1,059,965</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the instrument. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The Township does not have an investment policy that further reduces interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an instrument will not fulfill its obligation to the holder of the instrument. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is a listing of investments held by the Township as of March 31, 2008:

<u>Rating</u>	<u>Investment</u>	<u>Fair value</u>
Not rated	Local units of Government Investment Pool	<u>\$ 492,422</u>

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2008

NOTE 3: SPECIAL ASSESSMENT RECEIVABLE

In the year ended March 31, 2002, the Township provided a road paving project at the request of local property owners residing in the Township. In exchange for the new paved road, the property owners agreed to a special property tax assessment to pay for the project. The cost of the project totaled \$900,000, to be collected over a ten year term. Property owners are assessed \$520 per parcel, plus interest at 5.244% annually. The special assessment receivable is reported in the statement of net assets.

Future special assessments are as follows:

	PRINCIPAL	INTEREST	TOTAL
2008	\$ 74,880	\$ 15,715	\$ 90,595
2009	74,880	11,785	86,665
2010	74,880	7,857	82,737
2011	74,912	3,928	78,840
	<u>\$ 299,552</u>	<u>\$ 39,285</u>	<u>\$ 338,837</u>

NOTE 4: CAPITAL ASSETS

Capital assets of business-type activities include land, sewer system plants and improvements. Capital assets are recorded at historical cost. Normal repair and maintenance that do not add to the value or materially extend the life of the asset are not capitalized, but rather expensed in the period incurred. The Township does not have a formal capitalization policy.

The Township records depreciation using the straight-line method over the following useful lives:

	<u>YEARS</u>
Sewer plants	40 – 50
Improvements	15

Business-Type Activities

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2008</u>
Capital assets not being depreciated:				
Land	\$ 36,000	\$	\$	\$ 36,000
Capital assets being depreciated:				
Sewer system	<u>1,240,606</u>	<u> </u>	<u> </u>	<u>1,240,606</u>
Subtotal	\$ 1,276,606	\$	\$	\$ 1,276,606
Accumulated depreciation	<u>\$ 602,585</u>	<u>\$ 30,571</u>	<u>\$</u>	<u>\$ 633,156</u>
Net capital assets	<u>\$ 674,021</u>	<u>\$ (30,571)</u>	<u>\$</u>	<u>\$ 643,450</u>

Depreciation expense charged to business-type activities was \$30,571.

TOWNSHIP OF AMBOY
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
YEAR ENDED MARCH 31, 2008

NOTE 5: LONG-TERM DEBT

Long-term debt at March 31, 2008 is comprised of the following:

Governmental Activities

2002 Special Assessment Bonds, bearing interest ranging from 4.0 – 4.5%. Principal payments due annually in March, in amounts from \$20,000 to \$100,000 maturing in 2012.	\$ 370,000
Less: current portion	<u>90,000</u>
	<u>\$ 280,000</u>

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>March 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
<u>Governmental Activities</u>				
2002 Special Assessment Bond	<u>\$ 465,000</u>	<u>\$ _____</u>	<u>\$ 95,000</u>	<u>\$ 370,000</u>

The following is a schedule of principal and interest maturities:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 90,000	\$ 15,735	\$ 105,735
2010	90,000	12,045	102,045
2011	95,000	8,265	103,265
2012	<u>95,000</u>	<u>4,180</u>	<u>99,180</u>
	<u>\$ 370,000</u>	<u>\$ 40,225</u>	<u>\$ 410,225</u>

NOTE 6: FUND EQUITIES

Restricted fund balances and net assets at March 31, 2008 are as follows:

General fund:	
Road projects – millage	\$ 502,265
2002 Debt Service – repayment of bonded debt	<u>\$ 117,350</u>
	<u>\$ 619,615</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF AMBOY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	FINAL TO ACTUAL
REVENUES				
Property tax - operating	\$ 25,483	\$ 25,483	\$ 33,691	\$ 8,208
Property tax - roads	105,000	105,000	144,164	39,164
State shared revenues	72,838	72,838	86,530	13,692
Dust control	4,000	4,000	4,974	974
Administrative fees	10,000	10,000	24,164	14,164
Interest			19,048	19,048
Miscellaneous			1,132	1,132
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 217,321</u>	<u>\$ 217,321</u>	<u>\$ 313,703</u>	<u>\$ 96,382</u>
EXPENDITURES				
General government	\$ 65,975	\$ 65,975	\$ 62,360	\$ 3,615
Roads and bridges	97,346	97,346	96,225	1,121
Solid waste	5,000	5,000	4,919	81
Cemetery	7,000	7,000	4,623	2,377
Fire protection	21,000	21,000	15,877	5,123
Dust control	21,000	21,000	20,343	657
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 217,321</u>	<u>\$ 217,321</u>	<u>\$ 204,347</u>	<u>\$ 12,974</u>
REVENUES OVER EXPENDITURES	\$	\$	\$ 109,356	\$ 109,356
FUND BALANCES - BEGINNING	<u>645,271</u>	<u>645,271</u>	<u>674,418</u>	<u>645,271</u>
FUND BALANCES - ENDING	<u>\$ 645,271</u>	<u>\$ 645,271</u>	<u>\$ 783,774</u>	<u>\$ 754,627</u>

OTHER REPORTS



Osbourne, March, Condon & Co., P.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Township Board
The Township of Amboy, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The Township of Amboy as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Amboy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Amboy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Amboy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Amboy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Amboy's financial statements that is more than inconsequential will not be prevented or detected by the Township of Amboy's internal control. We consider the deficiencies described in the accompanying schedule of findings as 2008-1, 2008-2 and 2008-3 and 2008-4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Amboy's internal control. We consider 2008-1, 2008-2 and 2008-3 and 2008-4 to be material weaknesses in internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Township of Amboy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of The Township of Amboy, in a separate letter dated October 31, 2008.

This report is solely intended for the information and use of the Township Board and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Osbourne, March, Condon & Co P.C.

Certified Public Accountants

Hillsdale, Michigan
October 31, 2008

TOWNSHIP OF AMBOY
SCHEDULE OF FINDINGS
MARCH 31, 2008

2008 - 1

Material Weakness -- lack of adequate controls to produce full-disclosure financial statements.

Requirement: The preparation of GAAP financial statements requires internal controls over (1) recording, processing, and summarizing accounting data, and (2) reporting the fund financial statements, including the related footnotes.

Condition: The Township has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the Township's internal controls.

Cause: This condition is caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the added time and expense of outsourcing to another accounting firm, or obtaining the necessary training for its Treasurer to perform this task.

Effect: The result of this condition is that the Township lacks internal controls over the preparation of financial statements and notes, and instead relies, in part, on its external auditors for assistance with this task.

View of responsible officials: The Township will continue to evaluate the cost vs. benefit of establishing internal controls over the preparation of cash basis financial statements. In addition, the Township will carefully review the draft financial statements and notes prior to approving them and accept responsibility for their content and presentation.

2008 - 2

Material Weakness -- lack of adequate controls to report interest income in various funds.

Requirement: The Township should have a system in place to properly record interest earned on certificates of deposits.

Condition: The Township does not have a control in place to detect unrecorded interest income in its funds.

Cause: The Township has authorized the bank to accumulate the interest earned on certificates of deposit rather than distribute the income, and the Township's year end procedures do not include adjusting the records to reflect interest earned.

Effect: The result of this condition is that the Township's revenue and the underlying asset are understated.

View of responsible officials: The Township will continue to improve on its reporting processes.

Material Weakness – lack of adequate controls to report debt fund activity.

Requirement: The Township should have a system in place to accumulate assessment revenues (allocated between principal and interest), interest income on deposits and debt service payments. The system should include a mechanism to record year end balances of assessments receivable from landowners.

Condition: The Township does not have a system in place to record all debt fund activity in one place. The Township treasurer deposits assessment revenue into a savings account and debt service payments are electronically transferred from the account. The Township does not maintain a trial balance for this fund.

Cause: The Township has relied on its external auditors to assist in accumulating the information for the debt fund trial balance.

Effect: The result of this condition is that Township officials do not have timely information relative to the funding of their debt obligations.

View of responsible officials: The Township will take steps needed to maintain a trial balance for the debt fund.

Material Weakness – lack of adequate controls to track restricted road fund millage activity

Requirement: The Township is required to have a system in place to account for the use of the allocated road fund millage collected from taxpayers.

Condition: The Township's current system for accounting for funds is to collect property taxes and deposit into a savings account. When funds are needed for road projects, a transfer of funds is made to the general fund checking account for the necessary disbursement. They do not maintain a separate activity ledger for these funds.

Cause: The Township officials have not requested such information from the treasurer. However, the treasurer does report cash balances restricted for the use of the road millage.

Effect: The result of this condition is that the Township cannot provide information to taxpayers on the activity and use of the allocated road millage.

View of responsible officials: The Township will take steps to improve the accounting for road millage activity.



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COMMUNICATION TO AUDIT COMMITTEE

To the Township Board
Township of Amboy
Hillsdale County, Michigan

We have audited the financial statements of Township of Amboy for the year ended March 31, 2008, and have issued our report thereon dated October 31, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Amboy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Amboy are described in Note 1 to the financial statements. We noted no transactions entered into by Township of Amboy during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates made in the financial statements.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Amboy's financial reporting process (that is, cause future financial statements to be materially misstated). During the course of the audit approximately ten journal entries were made to the Township's financial statements. In our judgment, the above referenced entries indicate matters that could have a significant effect on the Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Amboy's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board. It is not intended to be and should not be used by anyone other than these specified parties.

Osbourne, March, Condon & Co P.C.

Certified Public Accountants

Hillsdale, Michigan
October 31, 2008



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MANAGEMENT LETTER

To the Township Board
The Township of Amboy
Hillsdale County, Michigan

We have recently completed our audit of the records of The Township of Amboy as of and for the year ended March 31, 2008. In connection with the audit, we became aware of matters that are opportunities for strengthening management's control and operating efficiency. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1) Comment: We found that the Township Clerk is recording incoming transfers from savings accounts into the General Fund checking account as "revenue". We also noted that a check written to purchase a certificate of deposit was recorded as an "expenditure".

Recommendation: We recommend that transfers to and from cash accounts be recorded as such, and not "revenues" and "expenditures".

2) Comment: We found some deposits into the General Fund checking account from tax collections were not properly allocated between property taxes and administrative fees.

Recommendation: We recommend that more careful consideration be given to the classification of revenues coming from tax collections.

3) Comment: Currently, the Township does not have a capital asset policy.

Recommendation: We recommend that the Township Board develop a capital asset policy that would include the criteria by which an expenditure would be classified as a capital asset, i.e. dollar amount threshold and useful life.

We have discussed these items with the Township Supervisor. If you have any further questions or concerns, please contact us.

Sincerely yours,

Osbourne, March, Condon & Co P.C.

Certified Public Accountants

Hillsdale, Michigan
October 31, 2008